

UKOPA

United Kingdom Onshore Pipeline Operators' Association

Notes of the Management Council Meeting held at the Lensbury Club, Teddington on 16th June 2004

1. Attendance and Apologies.

Present: Roger Ellis – Shell (UK) Ltd
 Mark Harrison – Huntsman Petrochemicals (UK) Ltd
 Phil Brown – Transco
 Jim Martin – bp FPSI
 Phill Jones – Secretary.

Apologies: Lindsay Boswell, bp FPSI (Jim Martin deputising).

2. Notes of Meeting held on 14th January 2004 (UKOPA/MC/04/0010).

The notes of the previous meeting were accepted as a fair record of discussions and were signed by the Chairman.

3. Actions Arising not covered on the agenda (note of previous meeting in brackets).

3.1 Phill Jones to provide Members with instructions for converting presentation logos to standard templates. (3.3).

Phill Jones reported that this action had been completed – reference email dated 18th February, and was actioned to reissue to all Members as a reference document.

Action: Phill Jones.

3.2 It was agreed that Phill Jones would forward details with photograph to Phil Brown who will arrange for a similar notice to be published in the IGE magazine and, also, that Phill Jones would contact the editor of Pipes and Pipelines International for the same purpose. (3.4)

Roger Ellis advised Members that the article appeared in the February issue of Pipeline World, page 2, with Roger Bills on the photo caption, but the text was as had been agreed. Phil Brown also advised that the article had been published in the April 2004 issue of IGEM magazine as agreed.

Action closed.

- 3.3 Fault database - It was agreed that the alternative proposal should be circulated to Management Council Members and that Roger Ellis, in his capacity as Chairman of the FDMG, would circulate for consideration by the Management Group. (3.5)

Action completed and closed.

- 3.4 Links with UKOOA – Lindsay Boswell to make contact with John Lawson to explore the possibility of sharing information as originally agreed and to offer to share the notes of UKOPA meetings if acceptable to Council Members. This to be accompanied by an open invitation for a representative to attend UKOPA meetings (3.7)

Jim Martin advised that there was no progress to report on this item, and it was agreed that the action would be carried forward to the next meeting.

Action: Lindsay Boswell.

- 3.5 Review of UKOPA Support Services and Contracts (9).

A form of agreement should be put in place covering the services of PIE and outlining any contingency measures. (i)

A form of agreement was submitted, agreed and signed on the 17th June by Roger Ellis on behalf of the Management Council and by Phill Jones on behalf of Pipeline Integrity Engineers Ltd. A copy is to be circulated to Members.

Action: Phill Jones.

Phill Jones was however actioned to investigate how UKOPA might be affected if Visual were to cease trading or similar. (iv)

The Chairman reported that this action had been addressed and that Visual had confirmed that another service provider could take over management of the website should it be necessary for any reason, and had also offered to provide a cd-rom of the website for UKOPA's safekeeping – document reference UKOPA/MC/04/0026 refers.

It was agreed that the offer should be accepted and that the cd-rom should be updated every six months - say Jan and July

Action: Phill Jones.

Phill Jones was asked to test the marketplace by seeking an alternative quote for the forthcoming audit of the 2003 accounts. (v)

The Chairman reported that this action had been completed and that

alternative verbal quotes had been of the same order of costs. He also advised that it had become apparent during discussions that there is no legal requirement to undertake a full audit of accounts for companies having a turnover of less than £1million, and that a check of accounts would be acceptable and cheaper. As a result it had been agreed that in future the Association's annual accounts would be fully audited every three years and checked by an accountant for all other years. The next full audit will therefore be carried out in 2006 relating to the 2005 annual accounts.

Action completed and closed.

All other items covered by the agenda.

4. Financial Issues.

4.1 Finance Report

4.1.1 Actions Arising.

Phill Jones to issue invoices for membership fees (4.1).

Phill Jones reported that the action had been completed.

Action closed.

4.1.2 Update.

Phill Jones referred to the Finance Report – reference UKOPA/MC/04/0023 which had been be circulated in advance of the meeting and reported as follows:

The Association's bank balance on 7th June 2004 was £148,291.

He noted however that this balance does not however take account of:

- (i) Payment to PIE for secretariat service and other support provided by PIE, (Secretariat – Phill Jones - £8,204 and technical services etc – Jane Haswell - £11,344) from and including 13/01/04, to date.
- (ii) Payment made to ABB for R. McConnell support – January to April 2004 - £7090 excluding VAT.

If these items are taken into account, then actual monies available are estimated at £121,653.

4.2 Approval of Invoices.

Phill Jones was actioned to circulate the PIE invoices (for the period from 13th January to 15th June) to Members for approval. Subject to receipt of approval, the Chairman will sign a hard copy of the invoice and cheques for payment.

Action: Phill Jones, Members, Roger Ellis.

There were no other outstanding invoices for approval.

4.3 VAT Returns – January to March 2004 – ref UKOPA/MC/04/0024.

A copy of the VAT calculations had been circulated to Council Members in advance of the meeting and Phill Jones confirmed that the VAT due for the period had been £3842.65, and that it had been paid.

4.4 Expenditure Forecast 2004/2006 – UKOPA/MC/04/0025.

4.4.1 Actions Arising (4.4.2).

Phill Jones to amend the forecast in line with discussions and agreements at the meeting.

Action completed and closed.

4.4.2 Update.

The Chairman referred to the latest forecast which had been circulated in advance of the meeting, which predicts a surplus of £19k at the end of 2004, £10k at the end of 2005 and £7.7k at the end of 2006 based on current commitments and level of membership fees. These levels of surpluses indicate a progressive erosion of the reserves and would leave very little contingency to deal with any unforeseen items which may arise. This needs to be taken into account when considering the level of membership fees to be recommended to Members for 2005 which will be discussed under item 4.8 below.

He then suggested that the expenditure forecast had developed into a more detailed document than it needs to be, and recommended that it should be simplified by:

- (i) Changing all entries for Phill Jones, Jane Haswell and Rod McConnell to one line items.
- (ii) Closing out the all items for ABB and listing the closeout cost in one line.
- (iii) Dividing the years into half years rather than quarters.

The recommendation was accepted by all Members and Phill Jones was actioned to prepare a draft for consideration.

Action: Phill Jones.

The Chairman then referred to the second worksheet which had been issued with the forecast, and noted that the cost of Rod McConnell's future involvement for 2004 is covered by the surplus of monies in the expenditure previously approved for work to be done by ABB between 2002 and 2004 inclusive. This had been

specifically approved for Services to be supplied by Rod McConnell and he recommended that the contract with ABB be closed out as soon as appropriate, and that the surplus is used to cover the costs of employing Rod McConnell for the remainder of 2004. The recommendation was accepted and will be further discussed under item 4.5.

4.5 Expenditure Approvals

- (i) An expenditure application relating to the cost of posting 2001 and 2002 UKOPA correspondence on the website, (which had been approved in principle at the meeting of the Council on the 14th January) – ref UKOPA/MC/04/0028 had been circulated prior to the meeting and was signed by Phill Jones as the proposer, and by Roger Ellis as approver on behalf of the Management Council.
- (ii) The expenditure application approval relating to management of the UKOPA Fault database for the period January 2004 to December 2006 – ref UKOPA/04/0015 had been previously approved by email by all Management Council Members, and was signed by Roger Ellis as the proposer and by Mark Harrison as approver on behalf of the Management Council.
- (iii) It was noted that a proposal had been circulated to Members – ref UKOPA/MC/04/0027 relating to the cost of Rod McConnell's continued technical support to the Risk Assessment Working Group during 2004. However, an expenditure approval application had not been prepared as Rod has not yet decided how to set up his business.

The Council agreed to approve the amount of £11,650 in principle, and Phill Jones was actioned to organise submission of an expenditure approval application for signing off at the September meeting.

Action: Phill Jones.

4.6 Membership Fees 2004

Phill Jones reported that payment had been received from 10 Members and that he had recently received notification that payment by the remaining two Members had been actioned and were expected to be paid into the bank during the next week.

4.7 2003 Annual Accounts – ref UKOPA/MC/04/0019, 0020 and 0021.

Phill Jones reported that the 2003 annual accounts have been checked by Robinsons Accountants as agreed and an electronic copy had been circulated to Members prior to the meeting complete with letter received from Robinsons.

The accounts were accepted, and were signed by Phill Jones on page 1 as

the registered secretary of the Association and Mark Harrison on page 5 as a registered Director during 2003. It was noted that a signed copy of the accounts need to be submitted to Companies House before 31st October 2004.

Action: Phill Jones.

4.8 Membership Fees 2005

Roger Ellis reopened discussions on the level of membership fees for 2005 by reminding all present that the primary reason for discussing the matter at the June meeting was to provide all Members with information in advance of budget preparation for the following year. A number of Members had previously commented that notification of an increase of fees at the September meeting was too late for their budget preparation programme.

He referred to the earlier discussions on the expenditure forecast which had showed that the levels of surpluses currently predicted would leave very little contingency to deal with any unforeseen items which could arise. He therefore proposed that an increase in fees be agreed which would be sufficient to maintain the current level of expenditure in 2004-05. This would mean the surplus at the end of 2005 to be approximately the same as that currently predicted for 2004 i.e. £19k.

A wide ranging discussion ensued which explored the possibility of reducing expenditure, altering commitments and/or generating income to minimise any proposed increases. It was concluded that there is little scope to reduce committed costs at this time, although this should be closely monitored, and that any ideas for generating income were unlikely to generate significant money in the timescales involved. It was however agreed that the most likely route for this would be through an increase in the number of members and that all should be actively encouraged to canvass other operators to join the Association in some capacity. It was noted that there may be a perception that the cost of membership is £10,000, and every effort should be made to ensure that smaller operators are aware of Associate and Affiliate Membership Costs and also the benefits of being a Member.

In conclusion it was agreed that Members should be advised that, as a worst case for budgeting purposes, the membership fees for 2005 would increase to £11,000 for a full member, to £5000 for an associate member and to £2000 for an affiliate member. The increases or otherwise to be confirmed at the September meeting. Members should be made aware that other options had been considered by the Council and be encouraged to invite other operators to join.

Action: Roger Ellis.

5. Memorandum and Articles of Association - Update.

5.1 Actions Arising.

Covered in the update.

5.2 Update.

Phill Jones advised that he had received confirmation that Shell, Transco bp and Huntsman will be the Directors of UKOPA and that current attendees will attend meetings as their nominated representatives. Additionally, the Huntsman confirmation had included forms for the resignation of Mark and registration of Huntsman as Director. Both forms had been signed by Phill Jones as Secretary and had been forwarded to Companies House.

It was agreed that Phill Jones should now progress forms for the registration of Shell, bp and Transco as Directors commencing 1st March 2004 and also for the resignation of Ted Findlay as Director from the same date.

Action: Phill Jones.

6. Policy and Procedures Manual.

Phill Jones to review the EEMUA note on Directors and Policy and Procedures Manual and prepare draft UKOPA version if considered appropriate. (6).

Phill Jones reported that he had not been able to address this action, and after discussion it was agreed that Phil Brown would take on the action to produce the manual based on similar work that he had been involved with in the recent past. The document would be produced in draft prior to the September meeting

Action: Phill Jones to forward a copy of the EEMUA document and other relevant documents to Phil Brown.

Action: Phil Brown to draft a UKOPA procedures manual.

7. Authorised Signatories – Update.

6.1 Action Arising.

Phill Jones to progress and issue an amended letter to Lindsay Boswell for presentation to a branch of Lloyds TSB.

Action completed and closed.

Phill Jones confirmed that Roger Ellis, Mark Harrison and Phil Brown are now approved UKOPA signatories. There has however been a slight problem with Lindsay's application and another form has to be completed. Jim Martin has been given the form to deliver to Lindsay and it should be returned to Phill Jones for action when completed.

Action: Jim Martin/Lindsay Boswell.

8. Future Presentations.

Roger Ellis reminded Members that three presentations scheduled at the main meeting:

Pipeline Integrity Systems – Salvador Vasquez of TUF NEL
 Corrosion Growth and the Role of Inspection – Julia Race GE Energy
 Material Evaluation without service interruption - Julia Race GE Energy

It was agreed at the main meeting in January that the following would be left as contenders for future presentations – sponsors or presenter in brackets:

- i) Pipeline hydraulic modeling package by Atmos International (Roger Ellis).
- ii) Review of the effectiveness of surveillance (Mark Harrison).
- iii) Grouted Tee Technology (To be advised).
- iv) Linesearch (Fisher German) One Call System (Dick Gray).
- v) New ISO Pipeline international Limit State Risk Standards (Paul Docherty).
- vi) HSE's new strategy (Steve Chatfield).
- vii) AC corrosion - including HSE experience and the recent Coryton failure (Chris Movely).
- viii) Management of Above Ground Pipelines – Paul Docherty.
- ix) Pigging – Huntsman Petrochemicals Experiences 2003 (Mark Harrison).
- x) Ethylene metering – Review following Ethylene Technical Forum (Roger Ellis).

Roger Ellis noted that the offers of presentations from Steve Chatfield on HSE's new strategy and Chris Movely on AC corrosion had already been accepted and, following discussion it was agreed that:

- a) The proposed presentation on the Grouted Tee Technology would also be received in September.
- b) Paul Docherty to be requested to provide a précis of content of presentation number viii).
- c) Presentations numbers i), ii), viii), ix) and x) to be left on the list.

9. Election of New Chairman

The Chairman confirmed that Phil Brown will take over as Chairman at the end of the September 2004 Management Council meeting for a period of two years.

10. Any Other Business.

There was no additional business.

10. Dates of Future Meetings.

15th/16th September 2004 – to be hosted by BG Group in the Reading area – details to be confirmed.

19th/20th January 2005 – to be hosted by National Grid Transco at the NGT Training Centre, Eakring North Nottinghamshire.

18th/19th June 2005 – to be hosted by Huntsman Petrochemicals Ltd in the Teeside area – details to be confirmed.